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CERTIFIED MEDIATOR IN SC
WILLIAM A. COLLINS, JR.

ADELAIDE DENNIS KLINE
OF COUNSEL

June 8, 2011

BY ELECTRONIC FILING

Ms. Jocelyn D. Boyd, Esquire
Chief Clerk and Administrator
Public Service Commission of South Carolina
Synergy Business Park, Saluda Building
101 Executive Center Drive
Columbia, SC 29210

Re: Michelle Shearin, Rahkeem M. Golden, Shamika Robinson and Bernard Jones, Complainants/Petitioners v. Jacobs-Rabons Communications, LLC and Fiber One Consulting, LLC
Consolidated Docket Nos. 2011-55-C, 2011-63-C, 2011-66-C and 2011-67-C

Dear Ms. Boyd:

Enclosed for filing in the above-captioned matter please find Jacobs-Rabons Communications, LLC's ("Jacobs-Rabons") pre-filed direct testimony of Kenneth C. Hanson for Respondent Jacobs-Rabons in the four above-referenced consolidated dockets. Also enclosed is a Certificate of Service for this direct testimony in the four consolidated dockets.

By copy of this letter we are serving the Office of Regulatory Staff and other parties of record in these proceedings with the same. If you have any questions, please contact me or Thomas Dougall.

Sincerely,

DOUGALL & COLLINS

s/Adelaide D. Kline


Adelaide D. Kline

cc: Mr. Josh Minges, Esquire, Hearing Examiner (via email)
Mr. David Butler, Esquire, Hearing Examiner (via email)
Nanette Edwards, Esquire, Chief Counsel, ORS (via email)
Complainants/Petitioners Golden and Robinson (via email)
Complainants/Petitioners Shearin and Jones (USPS)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA

DOCKET NOS. 2011-55-C, 2011-63-C, 2011-66-C and 2011-67-C

IN RE:)	
)	
Michele Shearin,)	
Rahkeem M. Golden,)	
Shamika Robinson, and)	
Bernard Jones,)	
Complainants/Petitioners,)	
)	
v.)	CERTIFICATE OF SERVICE
)	OF RESPONDENT JACOBS-RABONS
)	COMMUNICATIONS, LLC'S
)	PRE- FILED DIRECT TESTIMONY OF
)	KENNETH C. HANSON
Jacobs-Rabons Communi-)	
cations, LLC,)	
Defendant/Respondent.)	

This is to certify that I, Adelaide D. Kline, an attorney with the law firm of Dougall & Collins, have this day caused to be served upon the persons named below the pre-filed testimony of Kenneth C. Hanson on behalf of Respondent Jacobs-Rabons Communications, LLC, in the four above-referenced Dockets by electronic transmittal on June 8, 2011, to:

Jocelyn D. Boyd, Esquire, Chief Clerk and Administrator (via e-mail)
Josh Mingos, Esquire, PSC Hearing Examiner (via e-mail)
David Butler, Esquire, PSC Hearing Examiner (via e-mail)
Nanette Edwards, Esquire, Chief Counsel, ORS (via email)
Rahkeem M. Golden and Shamika Robinson (via email)
Michele Shearin and Bernard Jones (USPS)

s/ Adelaide D. Kline



Adelaide D. Kline

Dougall & Collins

1700 Woodcreek Farms Road

Elgin, SC 29045

803.865.8858

tkline@dougallfirm.com

THE OFFICE OF REGULATORY STAFF

DIRECT
TESTIMONY

OF

KENNETH C. HANSON

JUNE 1, 2011

DOCKET NOS. 2011-55-C, 2011-63-C,
2011-66-C and 2011-67-C

MICHELLE SHEARIN, RAHKEEM M. GOLDEN,
SHAMIKA ROBINSON, and BERNARD JONES
COMPLAINANTS/PETITIONERS

VS.

JACOBS/RABONS COMMUNICATIONS, LLC,
DEFENDANTS/RESPONDENTS

APPEARANCES

FOR THE DEFENDANT: ADELAIDE KLINE, ESQUIRE
 THE LAW OFFICE OF THOMAS
 DOUGALL
 1700 WOODCREEK FARMS ROAD,
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 (Fax) 865-8944

REPORTED BY: JAMES SCOTT

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DIRECT TESTIMONY OF KENNETH C. HANSON

FOR

THE OFFICE OF REGULATORY STAFF

DOCKET NOS. 2011-55-C, 2011-63-C,

2011-66-C and 2011-67-C

IN RE: MICHELE SHEARIN, RAKHEEM M. GOLDEN,

SHAMIKA ROBINSON and BERNARD JONES,

COMPLAINANTS/PETITIONERS VS. JACOBS-RABONS

COMMUNICATIONS, LLC, DEFENDANTS/RESPONDENTS

[THE TESTIMONY COMMENCES AT 10:40 A.M.]

EXAMINATION

BY MS. KLINE:

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND
OCCUPATION.

A. My name is Kenneth Hanson. I've been an
attorney since 1977, and my business address is
6156 Saint Andrews Road, and I've been in that
location since September of 1985.

Q. MR. HANSON, WHAT IS THE PURPOSE OF YOUR TESTIMONY
IN THIS PROCEEDING?

A. The purpose of my testimony is to provide
information on behalf of Jacobs-Rabons
Communications, Limited Liability Company, in the
above referenced dockets that were filed with the
Office of Regulatory Staff, the Public Service

1 Commission of South Carolina against Jacobs-
2 Rabons Communications. I am the incorporator and
3 the only member of Jacobs-Rabons Communications
4 and, as such, I believe I am in a position to
5 know the history and financial status of Jacobs-
6 Rabons Communications.

7 Q. WHAT IS THE HISTORY OF JACOBS-RABONS
8 COMMUNICATION?

9 A. Well, Jacobs-Rabons Communications was
10 incorporated in March of 2010. There was never
11 any intention for Jacobs-Rabons Communications to
12 provide telecommunications services or systems or
13 to operate as a competitive local exchange
14 carrier. Jacobs-Rabons is located in Richland
15 County, South Carolina, and our two subdivisions
16 that we service, or attempted to service, are
17 Rabons Farms and Jacobs Creek subdivisions.

18 The company was formed due to the failure of
19 its initial provider of telecom services, YRT2.
20 YRT2 had originally contracted with Jacobs-Rabons
21 -- I'm sorry -- Jacobs Creek Homeowners
22 Association and with the Rabons Farm Homeowners
23 Association to provide what they referred to as
24 their service offerings in digital cable and
25 high-stream broadband.

1 In early 2009, perhaps late 2008, YRT2 was
2 experiencing severe financial difficulties. They
3 could not pay their bills, could not pay their
4 providers, and they were forced out of business,
5 and we were forced to become the service provider
6 to the residents of the two subdivisions that I
7 mentioned. The purpose of that was, obviously,
8 to provide continued telephone, Internet and
9 cable services, as a Band-Aid until we could find
10 another provider to provide those services.
11 Fiber One was the systems operator during that
12 time, and the Homeowners Association, hence the
13 name Jacobs-Rabons Communications, were the
14 owners of the system.

15 Time Warner Cable has come in and overlaid
16 the system. They hold a certificate of public
17 convenience and necessity to provide telephone
18 services in South Carolina, and they have now
19 taken over both systems and both subdivisions and
20 Jacobs-Rabons is no longer in existence. We
21 dissolved the corporation and filed papers with
22 the Secretary of State on May 18th, 2011, called
23 the "Articles of Termination." All the actions
24 by the communication company are consistent with
25 the prior understanding with the Office of

1 Regulatory Staff, that J-R Communications would
2 cease to exist when Time Warner Cable took over
3 the system.

4 Jacobs-Rabons has, as I mentioned, complied
5 with all of its commitments to the Office of
6 Regulatory Staff, and we are now requesting that
7 all dockets involving Jacobs-Rabons
8 Communications, LLC be dismissed.

9 Q. PLEASE EXPLAIN HOW THE TECHNOLOGY FEE CAME ABOUT
10 AND THE RELATIONSHIP BETWEEN JACOBS-RABONS AND
11 THE HOMEOWNERS ASSOCIATIONS OF THE TWO
12 SUBDIVISIONS, AND ADDITIONALLY, WHAT WAS THE
13 PURPOSE OF THE TECHNOLOGY FEE?

14 A. Initially, Jacob's Creek Homeowners
15 Association and Rabons Farms Homeowners
16 Association entered into the agreement
17 referenced earlier -- August 11th, 2006 -- for
18 YRT2 to provide broadband bulk services. As
19 mentioned, they experienced extreme financial
20 problems and went out of business. The initial
21 agreement between YRT2 and the homeowners
22 associations provided that, if there was a
23 default by either party, the other party would be
24 entitled to take whatever action would be
25 necessary to maintain the system in its place.

1 We had a Homeowners Association meeting in
2 December of '09, and the purpose of that meeting
3 was to deal with the situation we had dropped in
4 our laps, and we, at that time, determined to
5 establish a \$35.00 technology fee in order to run
6 the system. The technology fee was a Homeowners
7 Association determination, and the purpose of the
8 technology fee was for upkeep and maintenance of
9 the system and the equipment that had been
10 installed by YRT2.

11 There was a vacuum. There was nobody running
12 the system, so we were forced into that situation
13 to keep the situation running, so we assumed
14 control. We notified YRT2 of their default and
15 the ownership of the telecommunications network
16 to the homeowners associations, so the residents
17 could continue with telecommunications services
18 and because it was a part of their original
19 agreement with YRT2.

20 We never intended to become a technology
21 provider. It was, again, a Band-Aid situation.
22 The payments billed by the service provider were
23 an attempt to underwrite the cost of the services
24 that were provided, as well the maintenance costs
25 for the fiber optic lines and other

1 infrastructure required to provide services
2 throughout both communities.

3 We sent communications, letters to the
4 residents of the homeowners associations; we
5 explained the fee to maintain the infrastructure,
6 and we further explained that the cost to
7 maintain was no longer the responsibility of the
8 service provider that initially provided the
9 bundled services. If the residents signed up for
10 their services, they would be given a credit by
11 the bundled service provider on their monthly
12 bill, which equaled what they paid to the
13 association for the month. That means that,
14 basically, the residents got a credit monthly,
15 but it was on their homeowners association dues
16 bill. They got a credit monthly for the payments
17 they made to the association, for the technical
18 fees, the technical services provided to the
19 residents. If you did not sign up for any
20 bundled services, you did not receive credit for
21 the \$35.00 per month assessment. All checks were
22 made to the respective homeowners associations.

23 Now, the reason we chose \$35.00 a month and
24 set that at the December homeowners association
25 meeting was, when YRT2 pulled out, the homeowners

1 associations did not have any money to run a
2 system, so we had to maintain the system by using
3 this homeowners association assessment, and I
4 might just go back for a second. When YRT2
5 initially came into those communities, the
6 homeowners that bought were advised up front that
7 YRT2 would be their service provider, and they
8 had no option; they had to pay \$115.00 per month
9 plus tax and regulatory fees for the digital
10 cable, high-stream broadband and digital
11 telephone that was provided by YRT2. In 2009, as
12 YRT2 was going out of business, there were a lot
13 of complaints -- service down, poor service, that
14 sort of thing -- and so Fiber One, who was our
15 service provider, allowed the residents to do
16 what they called à la carte.

17 So we had, for example, 100 homes that were
18 paying \$115.00 a month for cable -- as I
19 mentioned, the digital cable, the broadband and
20 the telephone -- but, when they were given the
21 option -- "they" being the homeowners -- the
22 option of à la carte versus all of it, that same
23 hundred homeowners became fifty homeowners, and
24 those fifty homeowners could not support the
25 system. The other fifty, they dealt directly

1 with Direct TV or a cellphone company and that
2 sort of thing.

3 So, in order to make it fair to everybody, if
4 you had services, you would get your \$35.00
5 credit. If you didn't have services, it was
6 still part of the homeowners association dues and
7 you did not get any credit for the technology
8 fee.

9 I think I have more than covered your
10 question. I'm sorry to ramble on.

11 Q. I APPRECIATE THE INFORMATION. DID THE TECHNOLOGY
12 FEE ACTUALLY PAY FOR THE MAINTENANCE AND UPKEEP
13 OF THE TELECOMMUNICATIONS NETWORK FACILITIES?

14 A. Absolutely not. As we learned quickly, it's
15 very expensive to run the system, to maintain the
16 system, to keep the system repaired. Again, we
17 were only providing or attempting to provide
18 those services until we could contract with
19 another provider.

20 Unfortunately, the system was not compatible
21 with different companies' systems. Time Warner
22 came in and said they would have to overlay the
23 system, and there was another company that looked
24 at it, and I can't remember that company right
25 now, but they said the same thing, so that,

1 basically, what we had in the ground and in the
2 bunkers and the boxes was worthless to a company
3 coming in to take over our system. It was not
4 going to happen.

5 So it took a long time to negotiate with Time
6 Warner and it took a long time to come up with
7 the numbers; it took a long time for Time Warner
8 to overlay our system and provide services, but
9 they have now taken over. They are the service
10 provider.

11 J-R Communications has been dissolved. From
12 the beginning, we, J-R Communications, Jacobs-
13 Rabons, we operated on borrowed money.
14 Initially, when we set up the company in March of
15 2010, we had to borrow money from the developer
16 to pay past bills that YRT2 had not paid. We had
17 over half a million of debt when we dissolved.
18 We have no money; we have no way of paying those
19 debts, and we're kind of just waiting to see what
20 will happen, if the creditors are going to try to
21 collect it or if they're going to realize that
22 it's uncollectible.

23 Q. WHAT IS THE STATUS OF THE TECHNOLOGY FEE, NOW
24 THAT JACOBS-RABONS COMMUNICATIONS HAS BEEN
25 DISSOLVED?

6/1/2011

12

1 A. The technology fee has been eliminated.
2 That's no longer being charged by the homeowners
3 associations. Again, Jacobs-Rabons
4 Communications is dissolved. We are pleased and
5 satisfied that the residents of our two
6 subdivisions are now being provided services,
7 good services by Time Warner cable. We have
8 acted in good faith to find a licensed provider.
9 It took longer than we would have liked, but Time
10 Warner is now in place and Jacobs-Rabons
11 Communications is dissolved.

12 Q. WHAT IS YOUR RESPONSE TO THE RECOMMENDATIONS OF
13 THE ORS STAFF IN THIS CASE AND THE DIRECT
14 TESTIMONY OF CHRISTOPHER ROZICKI FILED MAY 25TH,
15 2011?

16 A. Well, Jacobs-Rabons Communications -- again,
17 I don't want to continue to beat the same horse
18 -- but we never intended to operate as a
19 telecommunications entity. We certainly -- when
20 we began to take an active role in providing
21 these services, we checked, initially, our
22 broadband agreement with YRT2, Inc., and they
23 were responsible for any licensing that was
24 required. We were advised by YRT2 and later by
25 Fiber One that we would not need a license to.

1 operate. I believe the reasoning for that was
2 that we were still a private organization. The
3 streets, the roads had not been turned over to
4 the County and that sort of thing, so my
5 understanding from YRT2 and Fiber One was that we
6 did not need a license under the current
7 situation.

8 We, again, were forced into providing
9 services by the demise of YRT2. We just presumed
10 or assumed or were told -- and we assumed or
11 presumed because we were told -- that we didn't
12 need a license, that we were doing what we were
13 supposed to. We found ourselves in a bad
14 situation with YRT2 and we attempted to provide
15 those telecommunications services until
16 arrangements could be made to find a provider
17 that was -- that did carry the appropriate
18 licenses and, fortunately, we were able to make a
19 deal with Time Warner.

20 Jacobs-Rabons Communications never made any
21 money with or from the technology fee. There is
22 no money in our accounts. We have dissolved. We
23 have over half a million dollars' worth of debt,
24 and we no longer exist. We never made any money
25 and don't have any way of paying the creditors

1 that we have.

2 Q. MR. HANSON, DOES THAT CONCLUDE YOUR TESTIMONY?

3 A. Yes, it does.

4 Ms. KLINE: I would like to enter into the
5 evidence of the case the Articles of
6 Termination that were filed with the South
7 Carolina Secretary of State on May 18th,
8 2011.

9 Q. IS THAT YOUR SIGNATURE, MR. HANSON?

10 A. Yes, it is.

11 Ms. KLINE: I would like to enter this into
12 the evidence of this case.

13 MARKED AS DEFENDANT'S EXHIBIT #1,
14 DEPOSITION OF KENNETH C. HANSON, TAKEN
15 6/1/2011. COPY OF A DOCUMENT ENTITLED
16 "ARTICLES OF TERMINATION" DATED
17 5/17/2011 (1 PAGE).

18 Ms. KLINE: Thank you.

19 FURTHER DEPONENT SAITH NOT.

20 [SIGNING WAIVED.]

21 [WHEREUPON, THE DEPOSITION WAS
22 CONCLUDED AT 11:08 A.M.]

23

24

25

STATE OF SOUTH CAROLINA)
) CERTIFICATE
 COUNTY OF RICHLAND)

BE IT KNOWN THAT I, JAMES SCOTT, TOOK THE FOREGOING
 DEPOSITION OF TRACY HAISLEY AND HEREBY ATTEST:

THAT I WAS THEN AND THERE A NOTARY PUBLIC IN AND FOR
 THE STATE OF SOUTH CAROLINA-AT-LARGE AND THAT BY VIRTUE
 THEREOF WAS DULY AUTHORIZED TO ADMINISTER AN OATH;

THAT THE WITNESS WAS BY ME FIRST DULY SWORN TO
 TESTIFY THE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE
 TRUTH, CONCERNING THE MATTER IN CONTROVERSY AFORESAID;

THE FOREGOING TRANSCRIPT OF 12 TYPEWRITTEN PAGES
 REPRESENTS A TRUE, ACCURATE AND COMPLETE TRANSCRIPTION OF
 THE TESTIMONY SO GIVEN AT THE TIME AND PLACE AFORESAID TO
 THE BEST OF MY SKILL AND ABILITY;

THAT I AM NOT RELATED TO NOR AN EMPLOYEE OF ANY OF
 THE PARTIES HERETO, NOR A RELATIVE OR EMPLOYEE OF ANY
 ATTORNEY OR COUNSEL EMPLOYED BY THE PARTIES HERETO, NOR
 INTERESTED IN THE OUTCOME OF THIS ACTION.

WITNESS MY HAND AND SEAL THIS 1st DAY OF JUNE, 2011.

JAMES SCOTT

PRESIDENT, CRS

NOTARY PUBLIC FOR SOUTH CAROLINA

MY COMMISSION EXPIRES APRIL 24th, 2013.

* - If this signature is not rendered in blue ink
 accompanied by an embossed seal, this document is an
 uncertified and unauthorized copy.

MAY 18 2011

STATE OF SOUTH CAROLINA
SECRETARY OF STATE

Mark Hammond
SECRETARY OF STATE OF SOUTH CAROLINA

ARTICLES OF TERMINATION
Limited Liability Company – Domestic
Filing Fee - \$10.00

TYPE OR PRINT CLEARLY IN BLACK INK

The following limited liability company having dissolved and completed its winding up, terminates its existence by filing these articles of termination in accordance with S.C. Code of Laws §33-44-805:

1. The name of the limited liability company is Jacobs-Rabons Communications, LLC
2. The date the articles of organization were filed is March 11, 2010
3. The date of the dissolution of this limited liability company was May 17, 2011
4. Has the company wound up its business and terminated its legal existence? yes
5. Unless otherwise specified, these articles are effective when endorsed for filing by the Secretary of State. Specify the time and date of any delayed effective date _____

Kenneth C. Hanson
Signature (Please see the Filing Checklist below)

Kenneth C. Hanson
Print or Type Name

Capacity/Position of Person Signing (You must check one box.)

Date May 17, 2011

- ☒ Manager ☐ Member ☐ Organizer
☐ Fiduciary ☐ Attorney-in-Fact

Filing Checklist

- Articles of Termination (filed in duplicate)
- \$10.00 made payable to the Secretary of State's Office
- Self-Addressed, Stamped Return Envelope
- Make sure the proper individual has signed the form (Please see S.C. Code of Laws §33-44-205(a))
 - Limited Liability Company forms filed with the Secretary of State must be signed in the name of the company by a:
 - (1) manager of a manager-managed company
 - (2) member of a member-managed company
 - (3) person organizing the company, if the company has not been formed or
 - (4) fiduciary, if the company is in the hands of a receiver, trustee or other court-appointed fiduciary
- Return all documents to: South Carolina Secretary of State's Office
Attn: Corporate Filings
1205 Pendleton Street, Suite 525
Columbia, SC 29201